

Message Text

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47

ORIGIN NEA-12

INFO OCT-01 ADP-00 TRSE-00 AID-20 EB-11 COME-00 IGA-02

CIAE-00 INR-10 NSAE-00 RSC-01 L-03 XMB-07 OMB-01

ABF-01 /069 R

DRAFTED BY ASIA/ SA: HFTHOMAS/ SSTEIN: AM

4/19/73 X28225

APPROVED BY NEA/ INS: DKUX

ASIA/ CD: GEVANS (DRAFT)

SER/ FM/ LD: JGLOKAS (DRAFT)

ASIA/ CD: TLUSTIG (DRAFT)

NEA/ INS: ARKAY

TREAS: FMARESCA (INFO)

ASIA/ SA: CHREES (DRAFT)

----- 011139

R 231637 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

AMEMBASSY COLOMBO

LIMITED OFFICIAL USE STATE 075970

E. O. 11652: N/ A

TAGS: EAID, CE

SUBJECT: MOV LOANS - EXCHANGE RATE FOR PAYMENTS RECEIVED
ON ICA LOANS

REF: STATE 67904

DELHI FOR RLA O' DONNELL AND CONTROLLER

1. WE HAVE JUST BECOME AWARE THAT GSL HAS BEEN MAKING
CURRENT PAYMENTS SINCE JAN. 1 ON ICA LOANS B-001 AND G-005
AT OFFICIAL RATE RATHER THAN FEEC RATE. BY REFTTEL WE RE-
AFFIRMED EARLIER AND CONSISTENTLY MAINTAINED USG POSITION
THAT BOTH DLF AND ICA LOANS PAYMENTS SHOULD BE AT FEEC
RATE. PARA 4 OF EACH OF ICA LOAN AGREEMENTS B-001, G-005,
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AND G-006 PROVIDES QUOTE: THAT EXCHANGE RATE SHALL BE CONSIDERED FINALLY ACCEPTED BY EXIM BANK IF EXIM BANK DOES NOT NOTIFY THE GOVERNMENT WITHIN THIRTY (30) DAYS THAT THE RATE IS NOT ACCEPTABLE UNQUOTE. PARA 4 FURTHER PROVIDES QUOTE THAT IF NO EXCHANGE RATE IS AGREED UPON WITHIN SIXTY (60) DAYS OF SUCH NOTIFICATION, EXIM BANK SHALL RETURN THE LOCAL CURRENCY RECEIVED AND THE SCHEDULED PAYMENT TO EXIM BANK SHALL BE MADE IN UNITED STATES DOLLARS UNQUOTE. FYI: EXIM BANK ACTED AS AGENT FOR ICA IN EXECUTION OF THESE LOAN AGREEMENTS. SUBSEQUENTLY THIS DELEGATION WAS WITHDRAWN AND RESPONSIBILITY FOR MANAGEMENT OF THESE LOANS REVERTED TO ICA SUCCESSOR AGENCIES. END FYI.

2. EMBASSY SHOULD FORMALLY ADVISE GSL AS FOLLOWS: WE WISH TO RECONFIRM OUR POSITION, WHICH WE HAVE TAKEN CONSISTENTLY OVER PAST FOUR YEARS, THAT THE OFFICIAL EXCHANGE RATE IS NOT AN ACCEPTABLE RATE FOR PAYMENTS UNDER EITHER THE DLF OR ICA LOANS. WE WISH TO AGAIN BRING THIS MATTER TO THE ATTENTION OF GSL IN LIGHT OF RECENT PAYMENTS WHICH HAVE BEEN MADE PURSUANT TO THE ICA LOAN AGREEMENTS AT THE OFFICIAL RATE. FURTHERMORE, ANY PAYMENTS IN THE FUTURE AT OTHER THAN THE FEEC RATE ARE UNACCEPTABLE. WE WISH TO FURTHER BRING TO THE ATTENTION OF THE GSL THAT, IN ACCORDANCE WITH PARA 4 OF ICA LOAN AGREEMENTS, IF NO EXCHANGE RATE IS AGREED UPON WITHIN SIXTY (60) DAYS OF EACH SUCH PAYMENT MADE AT AN UNACCEPTABLE EXCHANGE RATE, THE USG MAY RETURN SUCH PAYMENTS IN LOCAL CURRENCY AND INSIST ON PAYMENT IN DOLLARS.

3. IN FUTURE, AS EACH PAYMENT IS MADE, IF NOT MADE AT FEEC RATE, EMBASSY SHOULD ADVISE AID/ W, ATTENTION ASIA BUREAU AND FM/ LD IMMEDIATELY.

4. BY OVERSIGHT WE DID NOT INCLUDE COPIES PERTINENT DLF AND ICA LOAN AGREEMENTS IN MATERIALS POUCHED EARLIER TO AIDREP. THESE DOCUMENTS BEING POUCHED IMMEDIATELY.

5. DECONTROL FOLLOWING JUNE 30, 1976. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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